

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|-----------------|
| APPLICATION OF CUMBERLAND VALLEY RURAL |) | |
| ELECTRIC COOPERATIVE CORPORATION FOR A |) | |
| CERTIFICATE OF CONVENIENCE AND NECESSITY |) | |
| TO CONSTRUCT ADDITIONAL LINES AND |) | CASE NO. 89-290 |
| FACILITIES AND TO EXECUTE ITS NOTE TO |) | |
| NATIONAL RURAL UTILITIES COOPERATIVE |) | |
| FINANCE CORPORATION IN THE AMOUNT OF |) | |
| \$1,320,619 |) | |

INTERIM ORDER

Cumberland Valley Rural Electric Cooperative Corporation ("Cumberland Valley") filed its application on October 4, 1989 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$1,320,619 from the National Rural Utilities Cooperative Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Cumberland Valley filed its 1989-1991 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to serve its load. These improvements and additions are estimated to cost \$4,270,339 and will be financed by loans of \$2,989,000 from

the Rural Electrification Administration ("REA") and of \$1,320,619¹ from CFC.

Cumberland Valley seeks authorization to construct extensions and additions to its plant as follows:

| | |
|---------------------------|------------------|
| Member Service Extensions | \$2,189,835 |
| Increased Capacity | 135,388 |
| Security Lights | 199,176 |
| Pole Replacements | 185,400 |
| Line Conversion | 187,660 |
| Conductor Replacements | <u>1,372,880</u> |
| TOTAL | \$4,270,339 |

The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to provide adequate and dependable electric service to existing and expected customers.

On October 20, 1989, the Commission issued an Order requesting additional information from Cumberland Valley concerning its application. In the response to the Commission's Order, Cumberland Valley indicated that it had not received final approval for the REA and CFC loans. Therefore, the Commission will defer ruling on the proposed borrowing from CFC. Cumberland Valley should notify the Commission when it has

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates.

received the requisite final loan approvals from REA and CFC, and its request for authorization to borrow from CFC will be considered at that time.

FINDINGS AND ORDERS

Based on the evidence of record and being otherwise sufficiently advised, the Commission is of the opinion and finds that:

1. Public convenience and necessity require the construction by Cumberland Valley of the improvements and additions to its existing plant as described in its 1989-1991 Work Plan, and that a certificate should be granted.

2. Good cause exists to continue the financing application beyond the 60-day period contained in KRS 278.300(2).

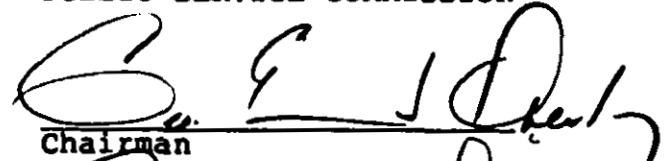
IT IS THEREFORE ORDERED that:

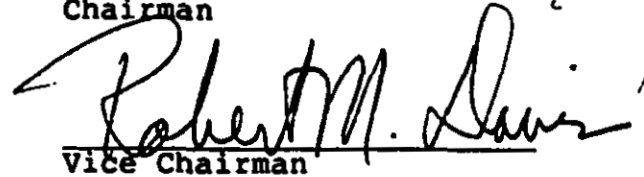
1. Cumberland Valley be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1989-1991 Work Plan.

2. Within 10 days of its receipt of final loan approval, Cumberland Valley shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 6th day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director